NORTH CENTRAL REGIONAL TRANSIT DISTRICT (NCRTD)
FINANCE SUBCOMMITTEE

March 22, 2013
9:00 a.m. - 11:00 a.m.

Executive Conference Room
1327 N. Riverside Drive
Espanola, NM 87532

AGENDA

CALL TO ORDER: Tim Vigil, Chair

Roll Call:

ITEMS FOR DISCUSSION/RECOMMENDATION:

A. **FY 13 Capital Budget Adjustment for Bus Procurement :**
Sponsor: Anthony Mortillaro, NCRTD Executive Director and Glenda Aragon, Finance Manager. *Attachments: Memo*

B. **Personnel Rules and Regulations Amendment "Rule 8-Worker's Compensation Benefits and Rule 9 – Return to Work (from Illness /Injury) Program:**
Sponsor: Anthony Mortillaro, NCRTD Executive Director. *Attachments: Amendment*

C. **Minutes from January 25, 2013 meeting.**
Attachments: Draft Minutes

MATTERS FROM THE SUBCOMMITTEE

ADJOURN

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language Interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing of the meeting, please contact the NCRTD Executive Assistant at 505-629-4702 at least one week prior to the meeting, or as soon as possible. Public documents, including the agenda and minutes, can be provided in various accessible formats.

Memorandum

To: Finance Committee

From: Glenda Aragon, Finance Manager

Thru: Anthony J. Mortillaro, Executive Director

CC:

Date: March 22, 2013

Re: Reallocation of Capital budgetary line items for purchase of Bus Fleet

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Background:

The NCRTD was awarded a "state of good repair grant" of $350,000 for expenditure in FY 13 for the purchase of replacement Buses for the District. The Request for Proposal sent out to bid was for the purchase of four (4) buses. The awarded bus vehicle vendor proposed the following: one (1) Transit bus, fourteen (14) passenger in the amount of $75,245, One (1) transit bus, eighteen (18) passenger in the amount of $78,074.00, One (1) transit bus, twenty-eight (28) passenger in the amount of $149,966.00, and One (1) Forty (40) passenger bus in the amount of $153,966.00. The total amount to purchase the buses was $378,530, which exceeded the budgeted funds by $28,530.00.

To accomplish the purchase of the buses, staff is requesting the reallocation of Capital budgetary line items. At the February Board meeting staff presented a mid –year budget update and a listing of capital items that would be frozen for the remainder of the year due to a decrease in GRT revenues. That list of capital items included those projects that did not have any associated federal funding. One item in particular on the list of budgeted capital items was the HVAC/Entry Garage Door which was budgeted for $30,000. Staff is requesting that this item be removed from the FY 13 Capital budget listing and a portion of those funds totaling $28,350 be reallocated to the Fleet purchase line item for a new total of $378,530. If this reallocation is recommended and then approved by the Board a budget amendment will not be necessitated. This will allow the staff to complete the purchase of the fourth bus.

Recommendation:

It is recommended that the Finance Sub-committee review and discuss the proposed request for reallocation of capital line items to allow the acquisition and purchase of the fourth bus.

Attachments:
FY 13 Adopted Capital budget
FY 13 Amended Capital budget
Board minutes from February 1, 2013 meeting regarding bus acquisition

FY13 Adopted

Capital

GL Code	Acct Title	FY11 Actual	FY12 Budget	FY12 Year to Date	FY13 Base Request	FY13 Expansion Request	FY13 Total Request
	Other Expenditures						
6330105	Buildings	933,119.86	1,989,465.00	949,819.65	180,000.00		180,000.00
	Exterior HVAC Enclosure and entry garage door				30,000.00		
	Photovoltaic Electrical production				150,000.00		
	Bus Shelters	52,429.63	76,421.00	8,819.94			
	Buildings	880,690.23	1,913,044.00	940,999.71			
6330115	Furniture/Fixtures	0.00	223,766.00	13,831.21	192,326.00		192,326.00
	Fueling Facility				112,326.00		
	Shelters, Signage, Trash Recepticals and Schedule Holders				80,000.00		
	Furniture/Fixtures & Equipment		223,766.00	13,831.21			
6330125	Other Capital Expenses	276,756.42	870,062.00	778,818.96	1,140,000.00		1,140,000.00
	Scheduleing, Reporting, Vehicle Location Software				450,000.00		
	Fleet 4 buses	265,880.00	870,062.00	771,069.96	350,000.00		
	Mobile Radios	10,876.42		7,749.00	0.00		
	Building Construction / FFE Carryover				333,000.00		
	Plow for front of RTD truck for snow removal				7,000.00		

FY13 Amended
Capital

GL Code	Acct Title	FY11 Actual	FY12 Budget	FY12 Year to Date	FY13 Approved	FY13 Request of Amendment	Reallocated Amt
	Other Expenditures						
6330105	Buildings	933,119.86	1,989,465.00	949,819.65	180,000.00		
	Exterior HVAC Enclosure and entry garage door				~~30,000.00~~	(28,530.00)	1,470.00
	Photovoltaic Electrical production				150,000.00		
	Bus Shelters	52,429.63	76,421.00	8,819.94			
	Buildings	880,690.23	1,913,044.00	940,999.71			
6330115	Furniture/Fixtures	0.00	223,766.00	13,831.21	192,326.00		
	Fueling Facility				112,326.00		
	Shelters, Signage, Trash Recepticals and Schedule Holders				80,000.00		
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6330125	Other Capital Expenses	276,756.42	870,062.00	778,818.96	1,140,000.00		
	Scheduleing, Reporting, Vehicle Location Software				450,000.00		
	Fleet 4 buses	265,880.00	870,062.00	771,069.96	~~350,000.00~~	28,530.00	378,530.00
	Mobile Radios	10,876.42		7,749.00	0.00		
	Building Construction / FFE Carryover				333,000.00		
	Plow for front of RTD truck for snow removal				7,000.00		

thought current staff had the obligation to not let that drop going forward.

Mr. Vener agreed. The outgoing finance manager left right when the audit started but he thought the organization handled that well.

Mr. Mortillaro was confident that without those changes they would have done much better. The goal was to have no findings.

Mr. Bulthuis commended staff and RTD for the strides made over the years. There were much worse audits in the past and good indications of where it was going. Chair Barrone agreed.

Councilor Ring moved to accept the audit as presented. Ms. Valério seconded the motion and it passed by unanimous roll call vote with City of Edgewood, Los Alamos County, Pueblo of Pojoaque, Santa Clara Pueblo, City of Santa Fé, Santa Fé County, Taos County and Tesuque Pueblo voting in favor and none voting against.

Commissioner Anaya said his vote reflected the work of the prior county commission representative.

* **E. Discussion and Possible Award of Fleet Procurement Bid**

Mr. Mortillaro noted in board report that highlighted items were different than the electronic version because they had not opened the bids at the time it was sent.

Mr. Kelly described piggybacking in bids when other entities in the state had bids to consider. Here the RTD prepared the bid on its own specifications. Gus Martínez spent a good part of last spring and summer preparing this bid and published it in December. They had a pre-bid meeting with five vendors attending. Four bidders replied with six potential products. The evaluation considered pricing, delivery time and warranties proposed. National Bus Sales received best scores on original and alternative products.

The District was awarded a "state of good repair grant" of $350,000 last year so the proposal was to buy two of item 1, one of item 2 and one of item 3 with an award to National Bus Sales for the four vehicles. The total would exceed the $350,000 at $378,530 but that could be offset from the sale of retired buses this year ($41,400). He asked to bring that to the budget for the purchase.

Mr. Mortillaro explained this was the first time the RTD prepared its own bids. Last year we purchased from Houston-Galveston contract.

Mr. Martínez said with this award they would get a turn-key bus with decals and everything and it was $797 cheaper that the Houston Galveston price for the very same Item 1 bus. Also, with this contract others could piggyback off of it on item 1.

Chair Barrone added that it was compliant with procurement policy.

Mr. Dwyer agreed it did not appear to violate procurement law. The RTD was now more sophisticated

in procurements.

Mr. Mortillaro said Ms. Aragon was now the procurement agent under the new procurement policies the Board approved 5-6 months ago.

Ms. Aragon reported they followed exactly the procurement guidelines and met the percentages and determined how the committee was set up for the evaluation of bids.

Mr. Mortillaro said no protests had been received.

Councilor Ring asked what increases in cost were being seen. Mr. Martínez said it was 4-5%.

Commissioner Anaya appreciated staff work. He asked Mr. Mortillaro if he had any involvement with the bids. Mr. Mortillaro said he didn't.

Commissioner Anaya asked if he had any involvement with the grant.

Mr. Mortillaro said staff did the application and he signed it. He could have involvement in reviewing any protests but none had been received. The policy was that protesters could come to the Board if they were not satisfied with resolution of their protest.

Commissioner Anaya concluded we followed NMDOT requirements. Ms. Aragon agreed.

Commissioner Anaya suggested the last bus not be purchased until the budget was adjusted.

Commissioner Anaya moved approval with the condition that the last bus not be purchased until the budget adjustment was approved by the Board. Councilor Ring seconded the motion.

Mr. Bulthuis agreed with Mr. Dwyer that the District was now at a place to do its own procurements but could still use the other ways. It was a lot of work and allowing others in the state to use it was very good. He recalled the Board had talked about using the vehicle sales to shore up the budget too so that would be double dipping.

Mr. López said staff discussed with DOT our State of Good Repair grant. Last year's grant was terminated September 30 and some of the other awards were not spent and asked an extension until December 31. So there were possibly other unspent funds that the District could use.

Also he didn't' think this would require a budget increase because there was a surplus of $384,000 in expenses and the deficit in revenue was just $218,000 so they had the money to cover the additional bus expense. They did free up capital outlay for the fourth quarter to insure the contingency but the budget was there.

Commissioner Anaya cautioned that within categories of the budget they could adjust money but when moving it from one category to another the Board had to approve it. The District needed to adhere to the policies in place and rethink any policy that allowed any move from one category to another. Otherwise

there was no purpose of having a budget with categories. Chair Barrone agreed.

Mr. Mortillaro explained that although they could review the financial policies adopted, but all capital purchases had to come to the Board and if a budget adjustment was needed, he would bring it to the Board. The policies were always per state regulations.

Commissioner Anaya added that it could be a consent item at the Board.

Mr. Shelton commented that sales of vehicles should go back to the vehicle replacement fund. Ms. Aragon agreed.

Mr. Bulthuis asked for a friendly amendment to direct staff to actively pursue with the State the possibility of getting additional funds. Commissioner Anaya and Councilor Ring agreed it was friendly and the motion passed by unanimous roll call vote with City of Edgewood, Los Alamos County, Pueblo of Pojoaque, Santa Clara Pueblo, City of Santa Fé, Santa Fé County, Taos County and Tesuque Pueblo voting in favor and none voting against.

F. Recap of Jim West Regional Transit Center Construction Project

Mr. Mortillaro reported on the final outcome of the construction project. It started in 2009 with land acquisition and former building that was here. The funding was summarized on page 44. The construction was awarded to Stoven Construction with a very small margin for change orders of 3%. It had to be rebid several times. During construction the soils issue was an area of great concern. Two budget adjustments were made which increased the budget to a little over $2.1 million. It took time to negotiate some of the change orders and the soils issue delayed the project by 5 months. We found a point where we could agree. Final cost was $2,014,487 including all change orders so they underspent the Board's budget by $140,000. They had an FF&E project budget of $222,766 for outfitting the building and spent $163,000 which was under budget by almost $60,000.

$2.3 million was the grand total of budget and $200,000 was left so they underspent by 8.4%. He listed the 13 change orders most of which had to do with soils conditions. The change orders totaled $753,000 which was about 32% of the approved budget.

Mr. Mortillaro reported that the contractor had been very responsive to the warranty work.

Mr. Shelton asked if the grant reimbursements were received. Mr. Mortillaro agreed.

Commissioner Anaya said, "God bless the spirit of Jim West for this facility. He was a good man."

Mr. Bulthuis asked Mr. Mortillaro to report to the Board any things that were needed as they settled into this building so the Board could make plans to get what was still needed.

Mr. Mortillaro said he would probably have wanted another screen but there was little lacking in the building. If the Board decided to proceed with the maintenance facility it would mean more space in this

Memorandum

To: Finance Subcommittee

From: Anthony J. Mortillaro, Executive Director

Thru:

CC:

Date: March 22, 2013

Re: Consideration of the addition of new Personnel Rules and Regulations

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Background: The current Personnel Rules and Regulations were adopted by the Board on August 3, 2012. As a result of several personnel matters involving employees who had experienced either personal illness/injury or an on the job injury it was deemed that our current practices regarding Worker's Compensation and a Return to Work program should be developed and formalized for adoption by the Board and inclusion into the existing Personnel Rules and Regulations.

Recommendation: It is recommended that the Finance Subcommittee discuss these proposed policies and provide a recommendation for the Board's consideration.

Attachments:

Amended Personnel Rules and Regulations incorporating Rule 8 - Worker's Compensation Benefits and Rule 9 - Return to Work (from Illness/Injury) Program.

Rule 8 – Worker's Compensation Benefits

A. REPORTING ON-THE-JOB INJURIES

Employees are insured under the provisions of the New Mexico Worker's Compensation Act, NMSA 1978 §§ 5241 to 5245 for job-related injuries or occupational illnesses.

1. Employees are required to report all on the job accidents, regardless of how minor. The supervisor shall ensure that the employee immediately receives all required medical treatment.
2. Accident form is available from the Human Resources Office (to be completed by the employee) and ―Employer's First Report of Injury or Illness packet (completed by the supervisor), within 24 hours of the incident. In addition, the employee must submit a HIPAA compliance Authorization for Disclosure of Protected Health Information form within twenty four (24) hours of the incident, whenever possible.

B. Medical Procedures

1. Emergencies. In traumatic on the job injury/illness situations or when a medical emergency exists, the employee may go to the nearest emergency room or urgent care center. All follow up medical treatment must be coordinated by a physician designated by the District. If the District has not designated a physician the employee will see their personal physician.
2. Non emergencies. An employee with a non-emergency, work related injury/illness shall see a physician designated by the District. That physician will provide medical treatment and/or initiate all referrals for advanced or specialized care, depending upon the nature of the medical problem.
3. Post-Accident Alcohol and Controlled Substance Testing (CDL and non CDL). See District Drug and Alcohol policy.
4. Compensation. The decision to approve or deny a claim for benefits is made by the District's insurer of record, not by the District itself. If an employee's claim is approved for benefits, any and all payments relating to the injury/illness will be made directly by the District's insurer.
5. Waiting Period. There is a seven (7) day waiting period before an employee becomes eligible to receive payment for lost wages. Employees will use sick leave, vacation leave or accumulated compensatory time for any time missed from work due to the work related injury/illness so that pay will continue from the District. If available leave has been exhausted, the employee will be unpaid for missed work time.
6. An employee's FMLA entitlement will run concurrently with a worker's compensation absence, when the injury is one that meets the criteria of a serious health condition. Because worker's compensation absences are not unpaid leave, the provisions for substitution of paid leave is not applicable. An employee whose Worker's Compensation leave exceeds the FMLA leave period and who has exhausted all paid leave will be placed on Leave without Pay (LWOP) Section 4.13 and all applicable provisions will apply including those related to the payment of insurance premiums.

B. RETURN TO WORK PROCEDURES

Prior to returning to work, an employee injured in the course of employment shall obtain a release from the treating physician and shall take that release, including any restrictions to the Human Resources Office.

If the employee is released without restrictions, he or she shall return immediately to their work location.

However, if the health care provider treating the employee for the worker's compensation injury certifies

the employee is able to return to light duty work, but is unable to return to the same or equivalent job, the employee may decline the District's offer of a light duty job. As a result, the employee may lose worker's compensation benefits, but is entitled to remain on FMLA leave until the 12 week period is exhausted. The provisions for substitution of paid leave will become applicable and applied as of the date worker's compensation benefits cease.

Rule 9 – Return to Work (from Illness/Injury) Program

Generally the District's Return to Work (RTW) Program provides temporary modified work duty to employees who have suffered an injury or illness and as a result are not immediately able to return to full duty. The goal of the RTW Program is for the District to work with injured/ill employees and the employee's physician to transition the employee back to full, unrestricted duty. The availability of any RTW functions is within the sole discretion of the District.

9.1 Employees who experience an on the job injury or illness which results in their temporary inability to return to the full range of duties of their regular position classification, will accept transitional work assignments if offered by the District.
9.2 Employees who experience an off the job injury or illness which results in their inability to return to the full range of duties of their regular position classification may be eligible for transitional work assignments if offered by the District and if consistent with the provisions of New Mexico State Statutes and implementing rules dealing with workers' compensation.
9.3 Transitional work assignments will consist of work which is within the restrictions outlined by the employee's health care provider. The employee's health care provider must provide a specific listing of limitations and the employee's anticipated recuperation time which will result in the employee returning to work without limitations. Such assignments may include, but are not necessarily limited to:

9.3.1 Part-time or fulltime, with a temporary waiver of certain regular duties (reasonable accommodation), in an employee's regular position classification; or
9.3.2 Part-time or full time in another capacity.

9.4 The District may require an employee to submit to an examination with a physician chosen by the District at District expense, if the amount of temporary assignment appears to be excessive, if the restrictions/limitations cannot be adequately interpreted or clarified with the employee's physician, or if the District has reason to believe the employee's release for duty is inconsistent with job requirements.

9.5 Employees assigned to transitional work assignments will receive their regular hourly rate of pay for their regular job classification for the number of hours worked in the transitional work assignment.
9.6 Assignment to transitional work depends upon the availability of such work and of work suitable to the employee's medical restrictions. A transitional work assignment may be terminated at any time by the District.
9.7 For employees with non-job related injuries/illnesses, assignment to transitional work may be ended in order to provide transitional work assignment to an employee injured on the job.
9.8 In no event will a modified duty assignment last for more than ninety (90) calendar days in a 12-month rolling calendar year. This applies to both work-related and non-work related conditions. The 90 days may be continuous or intermittent. If the employee is not able to return to full duty within 90 calendar days, an evaluation will be conducted by the Human Resources Office to identify options available to the employee, which may include consideration of medical retirement or seperation. The District reserves the right, for good reason, to discontinue a modified-duty assignment at any time. Good reason shall include, but not be limited to, temporary work no longer being available, operational requirements prohibiting the continuance of temporary assignment, or the employee's inability to satisfactorily perform the duties of the modified duty assignment.

9.8 Employees refusing to work transitional work assignments will not be eligible for workers compensation benefits or paid leave benefits. Transitional work assignment for employees with workers' compensation claims or receiving workers' compensation benefits will be made consistently with the provisions of New Mexico State Law and its implementing rules. To the extent consistent with New Mexico State Law and implementing rules, employees refusing to work transitional work assignments will not be eligible for workers' compensation benefits or paid leave benefits. Employees refusing transitional work assignments maybe subject to corrective action. If the employee's health care provider will not authorize transitional work, the District will take appropriate action as allowed by law.

9.9 Employees unable to return to work due to injury/illness maybe separated from District employment as provided for under Section 4.24.

Finance Subcommittee

Meeting January 25, 2013

9:00 a.m.

Present: *Anthony Mortillaro, Michael Kelly, Tim Vigil, Glenda Aragon, Pat Lopez, Jon Bulthuis, Miguel Chavez, Philo Shelton, Dayna Duran*

Absent: *Barney Trujillo*

Transcribed By: Dalene E. Lucero

Tony: Introduces Finance Subcommittee.

Tim: Items for discussion – Mid-year FY13 Budget Update

[Hands it over to Tony]

Tony: Mr. Chairman and members of the committee, as you know our fiscal year is July 1 to June 30th of each year, very similar to your own entities. Each year it has been my practice to present to the subcommittee and then to the Board a mid-year report on the budget and how things are progressing, and what, if any mid-year adjustments might be required. I am going to turn this presentation over to Glenda Aragon, our finance manager. She is being supported by Pat Lopez, our budget analyst to go through the mid-year summary here. Thank you, Glenda.

Glenda: Thank you. NCRTD operates on a state fiscal year from July 1, 2012 to June 30th of 2013, and each year we present the mid-year budget to the Board about half way through the year, and we brief the Board on the performance of the budget to date and where our adjustments may be required in order to make that balanced budget for the end of June 30, 2013.

In reviewing the summary on page 3—this is just the narrative part of the summary, I'm going to briefly go over it, and of course if Pat has any areas he would like to fill in, any other justifications for what we did throughout the year. First off in reviewing the overall summary projections, we are presenting to you basically that our budget has been cut from GRT or the expected/anticipated revenue that we are supposed to receive because of the loss from Los Alamos County Gross Receipts tax.

Pat: Actually it is about a 20% reduction from fiscal year 2011, and we budgeted about the same amount that we had received for fiscal year 2012 as far as budget is concerned.

Tony: We are talking about the revenue side of the budget?

Pat: Yes, the revenue side of the budget.

Glenda: Currently NCRTD is experiencing a deficit due to that GRT revenue generated by Los Alamos County. Revenue anticipated to receive for October was about $88,000. However, Los Alamos County or Los Alamos National Lab has requested and was granted a refund in the amount of $65,390. So that loss in itself threw us back quite a bit in our anticipated revenue, and in turn the revenue that we were anticipating to receive for November also dropped, so about 30 percent of what we were expecting to receive. So as a result of that, we went back and reduced our number from 15 percent to a 20 percent reduction until the end of the year. With that in itself, we made some adjustments in anticipated revenue with Rio Arriba. We are looking at a deficit of 3 percent in Rio Arriba from now until the end of the year. Santa Fe County has increased some, and we increased that to about 6.5 percent, but keep in mind we share half of that with Railrunner, and we increased with Taos County. Taos County has also seen an increase in their projected revenue, so we increased that 5 percent. Overall, I am looking on page six you will see at the very bottom, the year to date anticipated deficit of $262,047, in GRT. We have received some revenues in regards to our miscellaneous, which is auction vehicles and just miscellaneous income that we've received—transit fares, bank interest, etc.; and that's amounted to about $44,000.

Tony: Before we move on, does anyone have any questions about the revenue projections for the remainder of the year, expenditures etc.?

Tim: This question isn't for the end of the year, but is this something that we can expect on a year-to-year basis?

Glenda: I think when we come to budget for 2014, the history of what has been anticipated in prior years and that which we have received. Taking the history into account is definitely part of projecting for 2014.

Philo: We live sort of day-to-day and actually pushed all of these budget decisions off until May. So, it's getting very hard to project what the spending is going to be at the Lab.

Tony: The CMRR project was put on hold. That was a 6 billion dollar project, so you can imagine the revenue on that and over the time that had to be built which was about ten years. Obviously ramping up and then ramping down. So, that right now it is off the table and as Philo indicated, based on things I've seen—my past experience, the Lab has held back on their spending; they don't know what's going to happen with congress and the budget. Even once that settles out I think they're going to be extremely conservative. So I think you will see when we bring the proposed FY14 budget to this committee here in April, you will see that our revenue projections—especially as they pertain to Los Alamos county, will be reflective of what we are experiencing now. This affects overall budget, how much money is available for not only our services, but services that we contract for with Los Alamos County or Santa Fe Trails as well.

Miguel: It presents a challenge also because of the economic climate that we are in. It's going to be challenging for us to consider spending and even the interest or desire and maybe even the need to expand ourselves; we are going to have to be very cautious in how we move forward.

Tony: Well, we have to update our five-year service plan, and we had gone out for proposals for that, and the good thing, and you'll see this soon here, is initially $150,000, we budgeted for the service plan update was 100 percent GRT. Since then, discussions I've had with, NMDOT they have agreed to allocate some Federal-dollars to this project in the form of grant money at 80 percent. What's helping us out is that we are getting $120,000 of new grant money we didn't initially plan on. That's a great help, but it goes to fund that service plan.

That service plan is a very interactive process with all of the communities that are within the District's service area, which will likely result in either existing requests, requests for expanded services or new services, as you appropriately indicated, Miguel. So, we are going to see what comes out of that process, and one thing we are asking the consultants to do is also to come up with several scenarios for how to fund those and what is the timing on that. But we are not going to get that until after the Board has adopted the FY14 budget, so it'll be more of a discussion in FY15 as to the service plan and these requests. And are we going to adopt any of the mechanisms to fund that or are we just going to have to stay tight and not expand services? Just keep doing what we're doing.

Miguel: That's helpful for me because as this discussion comes to my attention, then I can reference this five-year plan, and the budget constraints that we're in now and just deal with it that way instead of having their requests that come from left field without any basis and without any knowledge of what's being done and what's being proposed in the five-year plan.

Glenda: In brief, I just went over the numbers generically, although I am going to turn it over to Pat so he can discuss with you what he has seen, and what the reasons are behind the projections. Again, It's been conservative now until the year-end, and again is going to affect probably FY14, and where we are going to be budgeting for next year—conservatively in revenue and then tightening up the expenditures, and you'll see as we discuss further what aspects we've taken in our expenditures in cutting and also not completing some of the capital outlay projects that we had originally planned for at the end of the fiscal year, or putting them on hold until that anticipated revenue picks up or it doesn't, and if it doesn't then we will continue to put it on hold until next year.

Pat: Let's go over revenue projections on page five and six and see a detailed revenue projection for each county. So basically what we have done was broken out the projections and the actual revenue, so this is just for GRT actual revenue, just to touch on everything first. We have a total budget of 9.7 million dollars for NCRTD. About 7 million dollars of that budget is received from GRT revenue, Gross Receipts Tax. So this is a projection on Gross Receipts tax, so the total budget is 7 million dollars. On this spreadsheet we have broken out by county on the left side that's the description, the second column from the left is your month of activity, that's the month the money actually was generated. The third and fourth columns are just for informational purposes is your FY11 actual revenue that was generated as you can see in Los Alamos County, we received 2.2 million dollars, a total of $2,284,466—that was the total revenue that was generated in FY11. In FY12 we generated $1,838,146. You can see the reduction from FY11 to FY12 and that was the result of all the layoffs at the Lab. Of course the biggest producer of Gross Receipts Tax is the Lab, and so you can see our revenue went down from Fiscal Year 2011 to Fiscal

Year 2012. The next column would be your actual revenue that we've generated so far. We have actually received five months of revenue through November, and then from December through June is a projection for the rest of the fiscal year; so we have a projected amount. The next column would be the revenue amount that we've actually received. As you can see the month of September, which is usually a big month for Los Alamos, that is the last month of the fiscal year.

Tony: Federal fiscal year?

Pat: Yes, Federal fiscal year.

Usually they spend a lot of money in September, as you can see we had $336,445, budget, that's what we anticipated to receive in revenue, but it actually came in at $263,631, and so that was a reduction of almost $70,000, dollars. The month of July wasn't too bad, just reading the newspaper, actually that month of September, the Lab actually spent $3 million less that month of September than the previous year, and that was a result of the reduction. For October—as Glenda alluded to, we had actually, if you look at revenue was $65,391, deficit; we had to pay a refund to Los Alamos county. Also reading the paper, the County of Los Alamos had to give a $3.5 million refund as a result of the Lab's credit they received.

John: Can you explain that a little bit more? I don't know if other folks know what that's about.

Pate: So actually what happened is the Lab filed for a credit, a refund for GRT from prior fiscal years, and so instead of us receiving, say we were budgeted like $88,000, we had to actually reimburse the State of New Mexico to give to the Lab a refund, a credit for Gross Receipts Tax. They had taken a credit from prior fiscal years. So it was a refund. So what we had to do—it was a reduction, so we had to give Los Alamos County a reduction of payment and Los Alamos County in return had to pay the Lab $3.5 million as a result of that credit.

John: Was that due to overpayments?

Glenda: Yes, and they have two years to make the claim. I think the last year you also had that same incident happen.

Tony: When you have a big employer, in Los Alamos County's case is probably 90 percent of revenue source due to them, you're budgeting on prior year history, then all of a sudden there comes this, oops we overpaid, so we want our money back, and your whole budget was set up on prior years and $3 million is huge.

Philo: It's not only reduction in spending; it was a huge kick in our stomach for that to happen.

Pat: Talking to the finance manager for Los Alamos County, I guess you guys had to dip into your reserves just to meet budget, so that was a big hit for Los Alamos.

John: So it happened once before, and then it happened again? So is that something that's going to keep happening?

Tony: They keep saying it's the last time.

Glenda: That's what they said the last time.

Miguel: So having said that is there any way that the agency can compensate for that, other than being really conservative?

Pat: That's what we are going to propose; we are taking really precautionary measures, and going through austerity measures in cutbacks and expenditures.

Miguel: In doing that are we going to lose opportunities in missing grant money?

Tony: No, the projects as you'll see as we get to that section or suggesting that we put on hold are projects that would have been funded 100 percent through GRT. Projects with federal funds , we are recommending we keep spending on those projects that are grant funded.

Miguel: So those are on the top of the priority list, so they're in line for funding because they have funding attached to them?

Glenda: They already have, yes.

Tony: So our two priorities are maintaining services and expending all of our grant funds.

Miguel: So when you say maintain services—that is the level of services we currently offer?

Tony: Yes.

Glenda: The advantage that NCRTD has in comparison to Los Alamos County—and I don't know what their percentage is in terms of how much funding does come from the Labs, whether it is 80 or 90 percent—we are more diversified, that yes, we do depend on Los Alamos County in that sense, but we also have Rio Arriba County, Taos County and Santa Fe County that we can count on. So our funds are diversified in regards to not only GRT, but the federal funding that we will receive. Yes, it is a big chunk of the revenue source, but the important thing to also realize here looking at these numbers that is not our only source of income. Yes, maybe we would have to dip into reserves as Los Alamos County has, because that's their main source of funding, and when you look into our balance sheet, we are diversified in regards to where we are receiving funding. So if one decreases as it has here, we can modify the rest of the revenue that we are receiving to compensate for it.

Miguel: So basically you allocate that revenue where it's needed.

Glenda: Correct.

Miguel: That was helpful, John, because I had the question about what happens in the flip side of that.

Pat: Okay, so you have your revenue column and your budget column, as you can see the total revenue for Los Alamos County is $1,000,449, which is a lot less than the previous year actual and FY11 actual. You can see our budget is $1,000,892. Looking at the far right hand corner, in the year to date, we're projecting a deficit for $532,000 for Los Alamos County, and as Glenda mentioned that monthly budget variance, we took a 20 percent reduction for the rest of the fiscal year being that we will have 20 percent less budget for the remaining part of the fiscal year.

Tony: We're just being ultra conservative. It'll be great if that's not the case. Nobody knows what those guys are doing up there, we just need to be conservative.

Pat: This is the biggest challenge, although the rest of the counties are a little bit more predictable. Rio Arriba County, if you look at the bottom right hand corner, we are looking at a deficit of $9,043. Their total budget is $580,000. We have actually generated about 3.5 percent increase over budget, but again to be on the conservative side, we're assuming that it's going to be 3 percent for the rest of the Fiscal Year from December through June; so again that's a $9,000, deficit for Rio Arriba County. Santa Fe county, we're doing a bit better here. You look at their FY11 actual of $3.8 million and their FY12 actual of $3.9 million, we had a budget of $3.7 million--$3,726,100, and we're anticipated to receive about $3,986,000, so that's a slight surplus. We've actually been generating close to 8 percent above budget for the first five months. And we are assuming, if you look at the monthly budget variance, that we're going to have an increase of 6.5 percent for rest of fiscal year.

So if you look at the column on the right, we are looking at a surplus of $260,837, for Santa Fe County. Which is good, but the only downfall with Santa Fe County is that we have to give half of Gross Receipts Tax to the Rio Metro system for the Railrunner; so half of GRT automatically goes to Rio Metro. Even though we are projecting a $260,000, surplus, half will go to Rio Metro. In reality it's about a $130,000, surplus. Taos, here again we have been generating close to 5 percent increase for the first five months. So we are assuming about a 5 percent increase for the rest of the fiscal year. With the exception of December, we took more of a conservative approach; it's a -14.49 percent. Basically what we did was use the last year's actual revenue for Taos, and because of the ski season, there hasn't been a whole lot of snow, but we took more of a conservative approach for the month of December. We did assume 5 percent for the rest of the year. For Taos, we are looking at $19,151, surplus. In total, if you look at the right hand corner of page 6, we are looking at a total deficit of $262,047, in Gross Receipts Tax. But it's really about a $392,466, because of Rio Metro that we give them half of GRT. So that's your GRT summary.

Miguel: So there you're adding the $262,000, plus the $130,000?

Glenda: Correct.

Pat: Yes, exactly.

Miguel: I don't imagine that it would be worth anyone having the discussion about reducing that 50 percent?

Tony: It's in an agreement between the District and Rio Metro, and the District reflected the wishes of Santa Fe County at the time to provide 50 percent of the GRT generated in Santa Fe County to Rio Metro. The problem was it didn't have a cap, saying once you reach $2 million you don't get any more.

Miguel: Or you get a percentage?

Tony: Less percentage, yes. The Board, this Board would have to take that up for discussion, and we would also have to consult with Santa Fe County regarding that as well.

Miguel: I don't know what you think John, but I think it might be worth having that discussion. We may not get anywhere with it, but I think we should have that discussion.

John: It's been a few years so we can float the balloon.

Tony: Let me just kind of add something to that, because right now we've introduced Senate Bill Thirty, Senate Bill Thirty simply takes the middleman out of our revenues. Right now our revenues go from DFA, back to the county and then the county writes us a check. So in order to clean it up and treat us like any other taxing entity, school districts, whatever—the Board approved submittal of this legislation that says it will go from the Revenue Department to the District. Two entities have now come up and are against that Bill, Santa Fe County and City of Santa Fe. I'm baffled as to why, because it doesn't take any revenue away from the city or the county and it doesn't impact the Railrunner.

Miguel: So we need to take this discussion back to our colleagues. It doesn't seem to do us any service to take that position—for either entity or for the agency.

Glenda: Because there is more administrative cost on your side.

Tony: I bring this up in the context of our discussion as a small example of something that has no bearing on the revenues of the county, or the Railrunner or the city, to the item we were just discussing about capping the Railrunner.

Miguel: So where's the Senate Bill now.

Tony: I'm sorry, it's House Bill Thirty not Senate Bill Thirty. It's passed the interim Revenue Stabilization committee.

Miguel: Do we have our lobbyists standing against it?

Tony: Apparently so, because our lobbyist got a call today from the two sponsors of the bill which was Representative Jim Trujillo from Santa Fe and Carlos Cisneros on the Senate side. Saying they were contacted by the city and county representatives, that they didn't like the bill.

Miguel: I don't know if this is too far off topic. But I think we need to have a sit down ASAP with you, a couple of Board members, and myself and flush this out before we get too much further into the session, because we are working at cross purposes and that is not good.

Tony: This Board, the whole Board knew we were doing that back in October or whatever, and then when they passed our legislative agenda in December.

Miguel: I know this is more work on staff, but can you do a summary on that?

Tony: I sent an email out yesterday to all the Board members.

John: That was very helpful. It started to get the discussion going commissioner, what you're talking about where we clarify the actions the Board has taken, and look methodically at what the purpose of this is. Which isn't to take funding away from everybody, it's just to remove an administrative barrier.

Miguel: I apologize, I missed the e-mail I'm not real good at e-mails, I'm a little bit better at phone calls.

Tony: I'll print you a copy.

Miguel: But, I think what's more urgent now is that we get this discussion to our lobbyists both on the county and the city side, and we get to the sponsors and say look there's been a little misunderstanding about this, we are not all clear about the implications. We understand it better now and we want you to move forward, because we are losing time.

Tony: I'm going to contact Robert Romero, the City Manager and contact Kathryn Miller, and see if we can get together and make sure everybody is clear on this. Because the e-mail I sent out, again, very clearly says this is just eliminating a house keeping matter, but anyway.

Miguel: So that would also at some point possibly bring in the discussion about losing the 50 percent share?

Tony: Yeah, I mean if that was the case like with this additional revenue that the Railrunner keeps getting could be redirected to new routes or additional services. The Board would make that decision; it will be a touchy political issue. We are on the Rio Metro Board of Directors as a nonvoting member now and likewise they are on our Board as a nonvoting member. They just haven't been to our meetings lately, but it is something that can be discussed, but I think it needs to come from this committee. Obviously this is going to be somewhat sensitive.

Miguel: Right and I guess timing needs to be taken into consideration too.

Pat: Actually just to give you a little bit of history too, the Legislative Finance Committee during the legislative session was requesting information from us. That's when Rio Metro was falling short on their revenues and they were looking at ways to generate more revenues for Rio Metro because they've always not been able to meet their budget. So they were asking for information from us given the possibility of even giving them more money than what we've given them in the past, because there has been a lot of publicity about them not being able to make budget and shortfalls.

John: Part of that though, from what I understand, and I don't know probably as much as you do Tony, because you sit on that committee--

Tony: Right.

John: Rio Metro didn't fully leverage the available federal money.

Tony: Yeah.

John: For years they didn't, and then the light bulb went on. I think their financial picture is a lot better.

Tony: That was the problem or what have you, and now they've rectified that. But they still have a challenge with how they generate the money for the capital issues they are facing in the future that aren't necessarily covered by federal funds. For example if you have to overhaul one of locomotive engines, the number I've heard is like a million dollars. Well, feds aren't going to pay for the overhaul of motors, they don't pay us to overhaul motors. What is Rio Metro doing to set aside money for those future large maintenance costs? How are they going to generate that? They have two budgets, one on the bus side and one on the rails side. The bus side's healthy; the rail side is the one that needs to have ejections on reserves or what have you. That's pretty much it on the revenue side, but we can talk about the expenditures.

Glenda: NCRTD has calculated expenditures year-to-date from December 31, 2012. We've closely reviewed all the line items in detail of anticipated spending costs and related administration, operations, non-RTD and capital accounts. In monitoring and reviewing these expenditures, we've administered some cuts within each line item. Pat went line item by line item and reviewed in areas of where we're anticipated to not continue to spend and to cut, and move areas within those expenditures to give us a total of –let me tell you the breakdown in regards to the following departments. So in cutting our anticipated expenditures in the administration we are looking at a surplus or cuts to give us about $268,000, in operations $240,000, and non-RTD is a negative but only because we are paying the Railrunner and those are obligations that we do have to meet, so we do have to meet those expenditures and of course in the capital outlay.

Overall, total with the administration and operations, and the offset from the Non-RTD, we're looking at having a total savings in our expenditure cuts of about $384,000, which will help us offset the budget just in cutting expenditures alone. We also discussed, as we mentioned earlier is implementing a freeze in spending funds that were specifically and only funded by GRT, and those would be the HVAC, entry garage doors, which was a $30,000 hold, the Photovoltaic electrical production which is about $150,000, and the fueling facility which is around $112,000. The savings will result from this temporary hold back in capital outlay, which gives us another contingency of $292,000, to offset in the additional revenue reductions that we maybe anticipated to receive from here until the end of the fiscal year. Although, if we see that our revenue projections come in higher and, with our expenditure cuts we've already taken, then we may look at continuing those projects as long as we have that consistency of the revenue coming in a little bit higher in an anticipating these expenditure cuts in the admin and operations areas.

I don't know if you wanted to add anything to that, Tony, Pat?

Tony: Well, a lot of these reductions in expenditures, as we've indicated do not impact our delivery of services. Our customers will see no difference in service delivery or what have you. I don't know if it was mentioned while I was out of the office, but a good chunk of these savings is coming from some positions we didn't fill and some vacancy savings. Although one of the positions was going to be downgraded and filled at a lower level, it's still needed until we continue to do without that through the balance of the year and we'll see how FY 14 lashes out.

Tim: Can you tell us what position that was?

Tony: That was the project manager's position, remember Jack Valencia?

Tim: Right.

Tony: Yeah. We're going to convert that to an HR assistant type position, which we need now. We're unionized now, so that's another thing that's happened, so it's complicated things much more than what we were. So we will just continue to do without that, and we'll deal with that in FY14. Again, I think that what the staff and I have come up here with in recommending to this finance subcommittee is a prudent, conservative approach and it generates, as we said, some kind of additional contingency money in case the 20 percent wasn't good enough, in case there is more surprises coming out of the Lab, we'll have that to fall back on. We're not touching reserves, so the reserve balances that we've committed to, we may need to save and they're not relied on at all to balance and keep our budget balanced, which is good, because we don't know, if in FY14 we may have to rely on those or not, so it preserves that as well.

Glenda: I did forget to mention to you for review in the packet also the landscape and capital outlay projects, the savings and anticipated freezes for each one of those—buildings, furniture, fixtures, buses. We are still, going to continue to provide the operations part, we are going to continue to purchase, four new buses went out for bid and Mike will speak further in regards to that, so we are going to continue that project. So the operations part is still going to be at the level where it's at currently. With this, NCRTD's plan of action is basically conservatively approaching the revenue aspect in a lower amount then what we anticipated. Taking the 20 percent reduction from Los Alamos County, Rio Arriba County—3 percent, and then increasing both Taos and Santa Fe County at the level were supposed to be—not large increase, but just to be anticipated of what we are expecting. Cutting expenditures in admin and some operational costs, and taking these capital outlays in freezing them is a positive aspect and revenue aspect of NCRTD. This will help NCRTD maintain a balanced budget until the end of the fiscal year.

Tony: Okay, we will stop for any additional questions.

Tim: I've got a question, and that is at one time we talked about advertising on the buses and charging businesses for that. Where are we on that?

Tony: Right now we are soliciting proposers for that advertising, so what we're looking for is a company that will go out and find advertisers, and that revenue, so someone else goes out and does all the marketing and all the labor. You get companies like Lamar and Templeton are big companies that do that and so I think those bids are due here in February. So, then we'll pick a company and they'll go out and generate the revenue.

Tim: Do we kind of have an idea of what those bids are going to come in at?

Tony: No, I have no idea.

Philo: Are they inside or outside of the bus?

Tony: Some of them can be external as well as internal advertising on our shelters, as well.

Miguel: John, can you share some insight on what the city has done in that regard because it was kind of touchy for a while, we didn't want to do it and we were kind of being selective in who was advertising and what they were selling. Where are we on Santa Fe Trails?

John: We're in exactly the same place the RTD is in right now. We've put requests for proposals out, and we are evaluating two proponents that came in with offers, but we haven't made that selection yet.

Miguel: What are the numbers that you're seeing in Santa Fe Trails, generated?

John: For Trails, it's about $120,000, roughly in cash payments per year. There's a new system, the Santa Fe Pick Up that runs around downtown, it's a circulator, and they're estimating about $40,000, to $50,000, on that.

Miguel: They only have 3 or 4 buses?

John: Yeah, there are 5 total units that serve that service, but it's a very prime advertising space because there isn't any other outdoor advertising allowed.

Miguel: And, they're right in the downtown area?

John: Exactly, so they're estimating $40,000, to $50,000, in that service and about $120,000, for the rest of our services.

Miguel: And we're talking visibility, and I think the blue buses really stand out. I think with the right advertising and the right message I think we can do really well.

Tim: The Board had approved advertising on the buses with a few exceptions. Obviously those are Tobacco products, casinos and that type of thing.

I'd like to see the bids that come in, what are we going to be paying an outside agency and what are we going to be getting from them in terms of actually being out here on the ground, going door to door or whatever the case is, and kind of take a look and say does that warrant a position here.

Tony: Exactly.

Tim: If we're going to pay a company $300,000, say wouldn't that money be better spent hiring a person that's primarily a graphics person or a company that actually goes out and actually goes door-to-door for $50,000, or $60,000, whatever it is.

Tony: No, I understand what you're saying. That's part of the discussions we've had as well because there is one entity that does that on their own and that's Rio metro. My understanding is they have a person on staff that does that. We don't know how much revenue they get, but you see their advertising all the time out there.

Tim: Would they share that information?

Tony: Oh Yeah.

Tim: I think that's beneficial, and find out what is the cost of putting that person on payroll; with the businesses that the tribe has—the only thing that we contract out is the actual signage.

Tony: The creation of the signage?

Tim: We do all the graphics, we put everything together, we send it off and it gets delivered and installed, and we would do all the installations, except we don't have trucks that reach that high.

Miguel: So there is a contractor that can do the application?

Tim: For the billboards and the large signs, we contract that out.

Miguel: So the installation is sent out?

Tim: The installation, yes. But as far as the graphics or whatever we're going to do—because it's going to end up being a long process, because I would imagine that someone is going to have to approve a sign going in. So say a business in Espanola wants to put together an advertisement, either interior or exterior of a bus, I would imagine that someone here is going to have to say yay or nay to it.

Tony: Well we have our guidelines; we'll give that to them, but at the same time [Pause]

Tim: But, you'll have to check it. You'll have to check it, if it gets sent out and any changes need to be made, it gets sent back to the business for their approval and it goes back and forth before you send out, and it comes back. We've had instances on what we have sent out and what's come back is not what we requested. So, if we're contracting that out who's liable for that?

Tony: Those issues are all clarified in the operating contract. We have no idea how attractive advertising is going to be on our buses. Considering we span four counties, I'm thinking it's going to be attractive.

Tim: It's going to be very attractive.

Tony: The question becomes, and it's that cost analysis, is okay, can we generate $300,000, if we spend $80,000, a year on salaries and benefits for a marketing person; we keep more of it than sharing 50/50. So we're going to be looking at that, it will come to the Board for award and we'll just have to see what we get there. One of the things these companies want is a three year contract, because they claim that it takes them at least that long to build their clientele. We've limited the contract length to four years, so basically if we were to enter an agreement, they'd get a three year contract with a one year renewal, and then we'd have to bid it back up. Plus, we've got ways to get out of it.

Tim: Are the companies local?

Tony: One of them is, Templeton, they're out of Albuquerque and Lamar is national from what I understand, but I think they have representatives in Albuquerque. John, can you disclose who's bid yours?

John: We hadn't selected that, so I'd rather not, but they're the two big guys in town.

Glenda: Probably the same. There's not very many.

John: I've seen transit entities go both ways in response to the question that you're raising, in house versus contracted out. Albuquerque has done it both ways, the City of Santa Fe has always contracted out, but I think the advice from our Transit Advisory Board to the council kind of led that decision making in that. I'm not denigrating city processes at all, but we do have pretty high hurdles to get over purchasing wise and process wise so that we wouldn't have to be as responsive to prospective advisors as the RTD would, because they just don't have the same hoops to jump through. So, that's one of the reasons that we're on the side that we're on, but that doesn't apply to everybody. Like I said, ABQ Ride has done it both ways, Rio Metro is doing it in house right now, they may contract out in the future, but it's hard to say, but it's a tradeoff.

Tony: You were with Steamboat Springs? I'm sure you had a lot of advertising.

Philo: We had advertising, but it was only inside the bus. The problems with that one was exterior wise with the weather we had, it snowed five months out of the year, we had to have a maintenance with keeping the signs clean outside the bus, and we didn't want to meet that requirement because we had to wash the buses two or three times a day. So we just stuck with interior, and it wasn't a very big number, it was about $10,000, to $15,000, a year, and it had to do with the number of eyes. The Valley's only 20,000 people--where John's got it in the plaza there's a million tourists a year, that's a big draw, so it's by the amount of eyes and I don't think it's going to be as big a cash cow just because we're serving rural areas.

Mike: There's also a balance on what you allow inside only, or if its outside only is it ad panels or full wraps, we market the blue bus and how much of that are you going to be allowed to either be wrapped or supplanted with the advertisement and what's the balance of gain, like Santa Fe Trails, you've got $120,000, a year, that's a good chunk of change. The bus system is already recognized there and we

would have to have that conversation of how far do we go from being like an ad panel on the outside to say a half or a full wrap or those types of things that bring the big dollars in.

Tim: For the RTD I'd say there should be no wrap, and only because if you can change out a panel pretty easily, which you should be able to do because all you're doing is unbolting one side of the frame and sliding the panel out, sliding the new one in and you're done. That gives the opportunity for small businesses to advertise for a month or two, as opposed to okay in order to wrap this bus we're going to have to charge you $20,000, and small businesses all of a sudden go, I don't have that in my budget—maybe $1,000, for two or three months, absolutely.

Miguel: And if you have 20 buses [Pause]

Tony: Yeah, that's a new potential revenue source that we're pursuing and we'll have an answer on that in the next couple of months. But we hadn't programmed any of that revenue into our budget for FY13 and we just don't have any ball park idea of what it's going to bring.

Glenda: In closing, the very last page of our presentation shows your summaries of everything we've discussed—the revenues, the expenditures, the freeze of the capital outlay and the overall summary. So in whole, we're looking at having a surplus of $458,000.

Miguel: That surplus would be in addition to the… [Pause]

Glenda: It's everything we've discussed in regards to where the revenues are, the expenditure cuts and the contingency of the freeze of some of the capital outlay.

Tim: So if we went through everything that was discussed, if we implemented everything that was discussed, that's what we would have or projected?

Glenda: Correct. Have projected or fall back on to balance the budget.

Miguel: So there's other revenue?

Pat: If you look at this sheet here, the revenue here, we're looking at a $218,000 deficit in revenues. That's inclusive of the GRT revenue that we're short $262,000. Glenda had mentioned earlier, we did have some surpluses, auctioned vehicles, we had a little bit of money from interest and insurance proceeds; so the bottom line it's $218,000, in revenues. In expenditures, we're looking at a surplus $384,000, which comprises of administration budget as you can see the salaries as we're keeping the Project Manager position vacant we're generating money, we have some surpluses in salaries and benefits also, in salaries for the operations—even our drivers are curtailing our overtime and so forth and we do have some surpluses in our operating costs that are contributing to our contracting services. As Tony had mentioned earlier to that we did have the surplus in the scheduling or where we had a budget of $150,000, that was year marked for GRT, but the feds are going to give us $120,000, of that $150,000, so that's the big surplus . The contingency freeze on capital outlay, these are projects that are funded by GRT, the HVAC entry, the garage door, Photovoltaic electric system which is $ 150,000, and

the fueling facility, that's a total of $292,000, that we're going to hold off until the last quarter of the fiscal year and then we'll determine at that time whether to release it or not. So in summary, you have your revenue projection of $218,000, your expenditure projection, which are real numbers, those are based on all the cutbacks, were in the surplus of $166,383, but because of the uncertainty of Los Alamos and the GRT revenue, we're going to hold back that contingency/capital outlay of $292,000. We're going to put that on hold until the last quarter to make certain that we meet budget in the event that we do have a negative amount of GRT coming in for the last part of the Fiscal Year. So the bottom line is we should be alright by holding back capital outlay and making our cuts in expenditures.

Miguel: So that would be the total of our surplus?

Pat: Our real surplus is $166,000, because we've actually implemented those numbers.

Miguel: That's pretty tight.

Pat: That's pretty tight, but for what we're putting a freeze on capital outlay, these GRT projects until we know for certain that we'll meet our budget for FY13.

Philo: Are these GRT projects in priority or would you do the fueling first or just curious?

Tony: I would do the fueling first because that's got possibility of saving us some cost, right now we fuel everywhere through the state Wex card and we pay retail prices with taxes on it, so that's why we need or own fueling facility. The only question on that number—that number was based on above ground tanks and we're getting some information that those aren't being allowed anymore. Whether that's true or not, we don't know so we're still trying to sort through that. If in fact that's changed, then we have to go underground, and that number is not enough. We really have to reexamine the reason why we're doing that if we have to go underground. If we could, the fueling facility would be our top priority.

John: Just one comment on the Photovoltaic electric, I think there's one possibility to work with a firm to reduce that cost and net it out completely. I know Tony, you've talked about this before that point, but there are firms that would make that investment and recoup their investment over time, so that there is not an out of pocket cost.

Tony: We're scheduled to meet with one company here in two weeks that does that, but we'll see exactly. What I've told them is I don't want to spend money on it, but I want to do this project so help us get there.

Philo: Good plan.

Tony: The only action we need from the committee is a recommendation, if we plan to do so, to endorse this plan of action. This same presentation will be repeated with the Board for the February meeting, so that's what we're requesting, if this committee is inclined to do so.

Philo: I would make a motion we endorse this plan of action.

Tim: I have a motion, do we have a second?

Miguel: We have a second.

Tim: All those in favor?

All: I

Tim: Opposed?

Tim: Abstained? I's have it.

Tim: Now Item B-Discussion of Cost Analysis for External Fleet Maintenance versus Internal Fleet Maintenance

Mike: Well obviously we have a ten acre site here and part of the phase II construction is building a maintenance bay. Before we move forward in even considering a design or construction of the maintenance facility we have to look at the cost-benefit analysis if that were built in house, what the benefit would be of having in house maintenance versus continuing contracting out as we are now. Currently we contract out to three major sources, one is local here, the Espanola Tire Factory, the other is the Lopez Auto & Body here in Santa Cruz and the other is Robert's Truck in Albuquerque for our bigger operations. A lot of that's under warranty but there is some expense involved in that. So that is what we would consider doing.

If you look at page 13, there's the analysis there, if we were to have a shop and we'd probably be looking at a mechanic and a service worker and if you would look at our current maintenance budget up there in the left-hand box, our current budget right now for fleet is, the vehicle maintenance, what we pay out to vendors is $140,000. Obviously a portion of that is what we buy directly, such as oils and lubricants, shop supplies that we have here, just for light work and some of the other stuff invested that we have budgeted and some of our tire purchases as well; so a total of $194,000. If you take that $140,000, that we take to the shops and break that out of what are expenses are versus what it would cost in hiring a service worker and having that work done in house, we could directly look at that and we break that $140,000, in the next box below that, we're going to look at Labor costs of $142,800, we get taxed on that Labor so that's an additional expense of $61.88. Environmental and disposing fees that we get billed from the shops at $3,300, and also a portion of that is our replacement parts that we buy out of those bills, and that is $57,652, there's an additional expense on top of that $144,000, because every time we take a vehicle to the shop, there's two drivers or fleet employees shuttling that vehicle down to the shop and giving them a ride back and then later on during the day, will go back to the shop and do that same repeated process. So figuring out our scheduling maintenance throughout the year, we're looking at just about under $12,000--$11,800, and that comes out of our driver budget, it doesn't necessarily come out of our fleet budget, that's our driver Labor cost that we could be spending driving a bus on a route.

So if you look across that box, we compare that to what the Labor expense would be, but before we get to that one, if you look at the upper right-hand box we figured the mechanic at an entry level, at $18.00 an hour plus his benefits, that would total at $24.30 an hour and an annual expense at $50,544, and that's a mechanic that's got some certifications and would have some experience. The box right next to it in the light shaded green would be the five-year accelerated cost or the 3 percent accelerator on annual increase, and that would come up to roughly $57,000. A service worker below that would be a lesser paid employee, he's a mechanic with some experience, but he's not certified, he would be doing other light maintenance tasks, and some tasks that would require certain certifications, that would be shuttling vehicles, cleaning shop, and doing a variety of chores—support the mechanic and fleet manager, and that total cost would be $14.00 an hour plus benefits, and that would come out to $18.90, and if you look at the five-year increment, at the same accelerator of 3 percent, that is a total of $21.28 with an hourly salary and benefits. So you have an annual cost for those two individuals at $89,856 the first year, and $101,152 the second year. If you look back at the box below in the comparative there, if you compare that directly against the labor cost, however, we retain about 10 percent of the $72,800, in Labor costs, if we were to bring that in house we still have to retain a portion of our shop contracts because there's going to be those times that the mechanic's on vacation, or sick, or on leave and we have multiple breakdowns in a day, and occasionally some big repairs and you don't want to tie up the shop space in house and your mechanic, when he could be doing other routine maintenance and repairs.

Mike: So we retain part of that so there's about 10 percent retention that you add into that. So in the middle there is a variance on the first year, some of the cost overhead and savings in those categories, coming up with about $13,700, in the first year and is reduced about $2,500 in a five-year interval, there' some other benefits too of bringing stuff in house and that would pay for oils, lubricants, shop supplies and tires. We figured that we can, at least, save 35 percent on purchasing parts directly and paying the overhead that's charged through shops and other stuff. Shop supplies, bringing it in house, we would have an increase because when you have your own shop, you're going to have additional shop fees that you're not spending now and those kinds of things.

Miguel: Can you give us an example of those fees?

Mike: An example of those fees would be things like mechanic uniforms, additional cleaning supplies, cleaning fluids, other maintenance type things to maintain the shop that normally get passed on to us through our current suppliers.

Glenda: What about equipment? Does that include equipment too?

Mike: It does not include equipment, in fact I left that out and I will address that in just a little bit. I intended to include that, so it's actually going to reduce that just slightly. However, tires are going to be about 15 percent savings, tires are a pretty aggressive market. There are some markups for the retailer, but on state contracts and stuff, you can still see an additional savings and based on that we can see in the first year about a $60,000, savings and we didn't really change the five-year cost because we're

looking at this year's cost what it's costing us. We can't really say it's going to stay at this level, but obviously shop expenses that we're going to contract later are going to go up just like our expenses are, but we left them at this year's expenses just because we try not to guestimate that. If you look down at the maintenance building overhead, and this is where I did not include about $2,000, for just annual purchase of shop tools that we just need to either add to your shop or decrease or increase from loss and stuff like that, so there's probably an additional $2,000, you can add to that figure down there at $14,500. But it breaks out the building maintenance—you're going to have a $2,500, a year of building upkeep. Part of our service worker that we're hiring, he'll be taking care of the actual, physical building. So we want to count a portion of his salary into that. Insurance is probably going to go up, you know what we pay for insurance a year and utilities. We did talk to Los Alamos County about their shop comparative and tried to prorate it down a little bit of what the shop maintenance will be, and that's where we come up with these numbers.

So if you look down at the bottom line, you're looking more at $200,800, a year for what it costs us to contract out throwing in that additional expense of shuttling vehicles back and forth to a shop. Compare that against the first year of having work done in house. We're seeing a savings of $5,441, a year. That could possibly be reduced by putting that tool ounce in there at $3,000, a year and the same for the five-year variance as well. The only thing different than the second page that I gave you would be if we were to hire a mechanic and not a service worker, the additional savings would be there if we were to struggle and get by with that, I think that's a possibility, but in reality I think we need to figure having two employees in a shop like that to back one another up. You always have to have that second person backing you up on certain types of things. We've already got some shop items purchased, we have a lift purchase, we have tire balancers and stuff that we intended to bring into our light service bay here; so some of that initial expense is already purchased that we could move out to a shop if that really were to be built. If you look down at the cons and the pros, we quickly tried to look at what are some of the cons of having a shop: we do have to budget overhead if you hiring people and that's more salaries and benefits to pay out, you have an increased budget overhead of insurance on the building and utilities, you have an increase of fluid storage and handling, you have an increase in facilities maintenance duties. Some of that fluids and storage handling is going to involve environmental records keeping, some administrative time in there and the other thing on the pros though is: we have direct oversight of our repairs and preventative maintenance practices, we have quality control factor, the fleet manager is there, he's not constantly running back and forth to the shop if there's a problem. That gives that direct quality control and it also has some savings on the fleet manager's time. You have a budget savings on replacement parts of about 35 percent, the budget savings on tires, as we discussed a major reduction on shuttling costs and a major reduction on tax on Labor cost. Obviously having a shop here reduces your vehicle down time if you're working on it right here, and most everything is done right here. Therefore, the shuttle time and the distance time is taken away about 90 percent, so that reduces the vehicle down time overall. And then we have another thing that's interesting is we have the ability to randomly drug and alcohol test our maintenance staff as well as we do our driving staff according to the FTA.

Currently, if you're a small, urban or metro, you have to do drug and alcohol testing on your maintenance staff for those that you contract out with, or on the DOT side for truck transportation, all the big, major truck shops have to have drug and alcohol tested individuals that are repairing vehicles on the highway. For small rural services we have an exemption when we contract out, because you might be out in Questa somewhere, and you have a truck shop there that you have to get down or you have a bus shop, they're not required as that small of an individual to have drug and alcohol testing programs. This brings it in house and we have another liability-safety barrier there in that our folks that do repair our vehicles, if there ever was a catastrophe or anything, that would be another barrier there to certify that in a program.

Mike: Any questions?

Philo: How do you wash your vehicles now?

Mike: Right now we wash them out back by hand. It'd be nice to have a wash bay and I think John can attest to that with his big wash bay he has. That's been a savings in itself to have a covered wash bay and either wash vehicles by hand or use the automated system.

Tony: Apparently back in 2009, they had the same architectural firm that designed this facility draw a one line diagram of what a fleet facility might look like, the size, the dimensions, and then they cost it out; so the cost factors are from 2009, obviously things have increased. We've had a recent experience that we're going to need to deal with soil issues, and that's not factored in to any of these cost estimates or what have you. We do have a grant, a 5304 grant and that is now going on its third extension. It was to be used for actually assessing and coming up with a design and cost and doing some preliminary work for such a facility and would then allow you to start looking for grants; this would have to be grant funded and we anticipate a couple of years to fund 80 percent of this project. I would say that the design here in terms of two bays and a wash bay is really short sided. I think the cost to build something then, would be less than they are today so you might as well go into this long term growth and I would suspect that you would probably get closer a million dollar facility then a $400,000. This is a metal building that's on here as well, and we attached a breakdown of everything that we had estimated when they were doing this project.

Philo: How many buses are in your fleet?

Tony: What do we have, Mike?

Mike: We have a total fleet of 35, from van-size to medium-heavy duty, heavy-duty small bus.

Tim: The sixty feet here would be alright for the buses?

Mike: Yes. That'd be a drive-through bay, and you would be able to have everything done within sixty feet. It still might be good to visit that again overall, and do some comparables to some other shops and see if that's suitable. If we're going to look at expanding someday, we have to make sure our depth is sufficient for a monster bus that we may have to take care of, or something in the nature of looking

down the road. If Park and Ride did something different and we were faced with picking up that ball, we may have to service that type of bus like that.

Philo: It looks like your bays are pretty wide right, that's 25 feet and the doors are 20 wide.

Tony: I don't know what the program was that the architect used to do some preliminary work on.

Miguel: What would you need from us to take action on this item?

Tony: We would like a recommendation from this Subcommittee to the Board.

Miguel: Could you expand on your recommendation just a bit?

Philo: How much is the grant for feasibility?

Tony: It's $64,000, and it's currently in the budget. Again, I don't know how they arrived at that amount of money and I don't know if it's sufficient enough, but it seems like, at least to have a good start.

Miguel: So maybe what might be good is to do a conceptual approval of the design and the funding.

Tony: They might also do some environmental analysis if it's necessary to get you set up for grant funding so you get that all out of the way.

Here's the recommendation, and there's one other issue—besides bringing it in house, can you partner with someone else to do it, another public agency that would do that? We don't think the City of Espanola is a viable entity to partner with. In fact our fleet was stationed at their facility and so our guys saw what was going on, in a day-to-day fashion, so we don't think their viable as an agency to do anything major with them. I'm not being derogatory about them, that's just the way it is. Rio Arriba County has a four bay maintenance facility out in Alcalde, and some of the Board members may remember because that was a future site of this building. There was a proposal then to kind of partner with the county and become part of a consolidated facility out there, but the county is going forward with their plans. So we didn't want to not mention this or exclude that potential for a partnership. What the county has done is partner with the North Central Solid Waste Authority and they entered into a JPA with them. We never have seen it. Apparently two of the bays will be for North Central Solid Waste; two will be for the county and their doing exactly what happened in Los Alamos. We had a school District in our facility, so they each have their own mechanics, their own shop area and each share cost of the facility and share other cost, but they're both independently responsible for maintenance of their own fleet. So we didn't want to preclude the possibility of approaching them or learning more about that. So if the District were interested what would it look like? Is it too late? I don't even know if they have site constraints or anything like that? It will result in an increase of shuttling costs, because it is about 8 miles from here. So our shuttling cost will increase, and then we'll have employees from here, so we're then taking the purpose of this whole facility which was to consolidate employees, but we want to make sure you were aware of it. We didn't have all the information regarding Rio Arriba County, and I don't know if Mike, you gathered any additional information.

Mike: I received some additional information, and that was just a confirmation of the joint powers of the agreement with North Central Solid Waste, as they're moving forward in what Tony described as a shared facility. My concern is if you have two employees that are 10 miles away now, that are a critical part of your operation plus what you're paying in shuttle times, I'm figuring that is about 2.5 times what we're paying now.

Tony: And the fleet manager's still here, which is Gus, so he's 10 miles away from his employees in their day-to-day work that need day-to-day guidance. We just wanted to be open about that, I'm not sure it's a viable alternative, but in order to be able to say that, we need to sit down and talk to the county manager. I was hoping Rio Arriba County would have attended today, but they're not here. So, our recommendation is because the cost differential is so minor and some of the pros outweigh that, that we move forward with design and what have you, at least a preliminary design of the facility and see what those numbers are. It's not going to happen overnight and we're probably two to three years out, we're going to have to get grant funds for that. So that's kind of what our recommendation is, tempered by the Rio Arriba County option.

John: Mr. Chair, just one other complicated factor of the idea of doing that joint partnership is that if you're looking to use the federal money to fund that so then FTA is going to be allover it in the county's process in terms of building that facility. It's not impossible, I'm not saying it's off the table, but it is difficult.

Tony: That was the good thing when we did a shared facility in Los Alamos, there was no FTA money in that part of it. I totally spaced that out, John. That was one of the big issues when we moved in here and parking of fleet and everything here is FTA. So with that complication, do we continue to do this in the same way we have or move toward bringing it in house? We can't use our light maintenance facility at all back here; it's not sprinkled or anything like that.

John: What is that used for now?

Tony: Basically storing of supplies and materials. The intent was if you need to bring in a bus to change the headlights or what have you, things like that, just real light. It's really not suitable for any other kind of mechanical duties in there.

Tim: Can I get a motion on this?

Miguel: I'll try to structure the motion, and the motion would be to approve staff's recommendation to bring the fleet maintenance in house, understanding that it is a two year process, and we're waiting on additional information from Rio Arriba County, but this will move it forward in a conceptual manner, and go through the process to turn this around.

Tony: Would your motion include the proceeding with a conceptual design for a maintenance facility?

Miguel: Yes, it would. I guess that design will reflect some future growth. Would that be another 10 to 12 years?

Tony: Let's say another 12 because we have to get our tax renewed by the voters.

Tim: Do I have a second on that?

Dayna: I'll second.

Tim: Any other discussion? In taking into consideration expansion of the facility, the only thing I would recommend if you were going to have two more bays to this, they be out in this section here, so that the offices between them and once construction happens I would recommend that at least the foundation is put into place, that way you don't have to go into any more soils analysis and once funding comes in, you can start with the building.

Miguel: So the phases would have to be coordinated in cycles?

Tim: Yes. All in favor?

All: I

Tim: All those opposed? Abstained? I's have it.

Well thank you very much everyone for all the information. We appreciate your time and effort.

Miguel: Mr. Chair, can we spend maybe five or ten minutes. I just got a memo from Tony regarding Senate Bill thirty. Can we talk a little bit about that now of what the strategy might be? Tony?

Tony: Before we even introduced House Bill thirty or what have you, I had talked to the Board briefly about our Legislative agenda and about the issue the way the money flows thru the District. Our lobbyists and I have met with every representative and senator throughout the four counties within a couple of months, we've had one-on-one meetings with them, not only on this topic but also to reintroduce the District to them and share what the District has been doing since it's been created. We talked about the upcoming legislative sessions and what our interests would be and secondly this minor adjustment in how this money flows to the District, so that they wouldn't have any surprises when we introduced it. I think it was in December when the Board adopted the legislative agenda. Again, the lobbyists briefed the board on this legislation that it would just be housekeeping. Interestingly similar legislation was adopted when Richardson was governor, 2 or 3 years ago, and it was more extensive, but it was adopted and it went to the governor for signature. For whatever reason, Richardson pocket-vetoed it--he just let it expire, so it's not really new legislation that is foreign to our members, its passed before, so why here at the last minute that there is concern, I don't know, I'm trying to get some answers ,it will not impact the Railrunner. It won't because in October we sent the Railrunner a copy of the bill.

Tim: Would it be possible to get them to put in writing that they don't have any opposition to this? I think that goes a long way.

Tony: We could ask them so we could share with the Board, they're an RTD, it would benefit them the way it would benefit us. They wouldn't have to wait on Bernalillo County, Valencia or Sandoval County to cut them a check, it's the same thing.

Philo: Los Alamos County is supportive of it too, which saves us money from having to go beg for money back from you.

Miguel: How do we organize a group of allies that support what we need to do?

Tony: The only two oppositions that we have, and I'm not picking on you is City of Santa Fe and Santa Fe County.

Miguel: You and I need to set up a meeting with Commissioner Anaya, myself, and the County Manager. In addition to that I think we need support from others that will help us.

John: I talked with Tony briefly just before we started meeting and maybe what happened is we had elected officials that took action to the Board it's all very clear and on the agenda and now staff is finding out after the fact and is raising questions.

Miguel: On both sides, both county and city staff?

John: So I'm not sure that everything peculated down through the staff in the county or the city levels, so I think that's what's going on. So I have been pulled into this and asked what took place, was it brought before the board, was official action taken, let me see the minutes. So what that tells me is that it didn't happen. I take some responsibility for not taking it back to our city manager and other staff, but I think were thru that hurtle now. I did ask Tony to just call Robert and have that conversation and say hey, I understand that there are concerns, here's where we are on this, and here's where we are at today.

Miguel: So I'm not quite sure if it has gone through the county if we can find that through the County Manager. I think that's the place to start anyway.

Tony: Let me call Kathryn and let you know what I hear from them, and I will call Robert. Tim is James Rivera's still your lobbyist, is he still working in Pojoaque.

Tim: I'm not sure?

Tony: He called me and said are you aware of this bill? I said, "Yeah it's ours." I said, "Support it."

Tim: Well I guess he is then.

Tony: Well I didn't ask him, but I assumed he was because he has been in the past.

Miguel: So probably enough on that.

Tim: Once it's been explained it might go away on its own.

John: That's my feeling. Even in my discussion with the City Manager, after he called and asked for the information, and said, "Call Councilor Bushee and let her know what has taken place at the RTD." I did that yesterday and I think we're on our way to getting passed the opposition, but I don't know.

Tony: Representative Trujillo needs to hear that from you guys.

John: Right, that's the City Manager's role to step in and have that communication.

Miguel: I'll try to tighten it up on our side, John. It sounds like you might be a little further ahead, but I'll find out.

Tony: We probably won't have a meeting next month, but for April, we'll be bringing the proposed budget to the committee—the FY14 budget, so that will be the next thing coming your way.

Tim: Okay.

Tony: Well thank you everyone for being here.

Miguel: Do we need a motion to adjourn?

Tim: Motion to adjourn?

Miguel: Second.

Tim: All those in favor?

All: I